

Illinois-American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2001  
Southern Division/Peoria District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal Present Rates	Adjustments	Company Surrebuttal Revenue Requirement
1	Operating Revenue:					
2	Water Sales	\$68,225,977		\$68,225,977	\$7,406,006	\$75,631,983
3	Other Operating Revenues	528,140		528,140		528,140
4	Total Operating Revenues	\$68,754,117	\$0	\$68,754,117	\$7,406,006	\$76,160,123
5	Operating Expenses:					
6	Labor	11,638,307		11,638,307		11,638,307
7	Employee Benefits	3,715,672		3,715,672		3,715,672
8	Fuel and Power	2,849,981		2,849,981		2,849,981
9	Chemicals & Waste Disposal	3,285,668		3,285,668		3,285,668
10	Management Fees	574,937		574,937		574,937
11	Regulatory Expense	62,273		62,273		62,273
12	Insurance - Other than Group	794,088		794,088		794,088
13	Customer Accounting	1,132,881		1,132,881		1,132,881
14	Rents	306,101		306,101		306,101
15	General Office Expense	842,167		842,167		842,167
16	Maintenance - Other	2,346,469		2,346,469		2,346,469
17	Miscellaneous	3,442,140		3,442,140		3,442,140
18	Bad Debts	540,605		540,605	48,635	589,240
19	Depreciation & Amortization	12,543,382	950,870	13,494,252		13,494,252
20	Taxes Other than Income	4,279,847		4,279,847		4,279,847
21	Total Operating Expense					
22	Before Income Taxes	\$48,354,518	\$950,870	\$49,305,388	\$48,635	\$49,354,023
23	State Income Tax	520,920		520,920	294,159	815,079
24	Federal Income Tax	4,776,236		4,776,236	2,472,129	7,248,365
25	Deferred Taxes & ITCs	(1,016,478)	(357,518)	(1,373,996)		(1,373,996)
26	Total Operating Expenses	\$52,635,196	\$593,352	\$53,228,548	\$2,814,923	\$56,043,471
27	Net Operating Income	\$16,118,921	(\$593,352)	\$15,525,569	\$4,591,084	\$20,116,653
28	Rate Base					\$226,742,815
29	Overall Rate of Return, per Order					8.87%

Illinois-American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2001  
Streator District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal Present Rates	Adjustments	Company Surrebuttal Revenue Requirement
1	Operating Revenue:					
2	Water Sales	\$2,739,793		\$2,739,793	\$273,040	\$3,012,833
3	Other Operating Revenues	11,200		11,200		11,200
4	Total Operating Revenues	\$2,750,993	\$0	\$2,750,993	\$273,040	\$3,024,033
5	Operating Expenses:					
6	Labor	682,899		682,899		682,899
7	Employee Benefits	151,330		151,330		151,330
8	Fuel and Power	86,926		86,926		86,926
9	Chemicals & Waste Disposal	30,310		30,310		30,310
10	Management Fees	32,859		32,859		32,859
11	Regulatory Expense	3,559		3,559		3,559
12	Insurance - Other than Group	45,384		45,384		45,384
13	Customer Accounting	72,430		72,430		72,430
14	Rents	32,121		32,121		32,121
15	General Office Expense	76,015		76,015		76,015
16	Maintenance - Other	77,431		77,431		77,431
17	Miscellaneous	201,202		201,202		201,202
18	Bad Debts	8,108		8,108	1,793	9,901
19	Depreciation & Amortization	402,228		402,228		402,228
20	Taxes Other than Income	161,162		161,162		161,162
21	Total Operating Expense					
22	Before Income Taxes	\$2,063,964	\$0	\$2,063,964	\$1,793	\$2,065,757
23	State Income Tax	11,442		11,442	10,845	22,287
24	Federal Income Tax	118,909		118,909	91,141	210,050
25	Deferred Taxes & ITCs	(14,104)		(14,104)		(14,104)
26	Total Operating Expenses	\$2,180,211	\$0	\$2,180,211	\$103,779	\$2,283,990
27	Net Operating Income	\$570,782	\$0	\$570,782	\$169,261	\$740,043
28	Rate Base					\$8,341,317
29	Overall Rate of Return, per Order					8.87%

Illinois-American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2001  
Pontiac District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal Present Rates	Adjustments	Company Surrebuttal Revenue Requirement
1	Operating Revenue:					
2	Water Sales	\$2,441,802		\$2,441,802	\$127,216	\$2,569,018
3	Other Operating Revenues	5,800		5,800		5,800
4	Total Operating Revenues	\$2,447,602	\$0	\$2,447,602	\$127,216	\$2,574,818
5	Operating Expenses:					
6	Labor	542,210		542,210		542,210
7	Employee Benefits	89,001		89,001		89,001
8	Fuel and Power	74,147		74,147		74,147
9	Chemicals & Waste Disposal	36,559		36,559		36,559
10	Management Fees	17,914		17,914		17,914
11	Regulatory Expense	1,940		1,940		1,940
12	Insurance - Other than Group	24,743		24,743		24,743
13	Customer Accounting	41,479		41,479		41,479
14	Rents	22,199		22,199		22,199
15	General Office Expense	54,310		54,310		54,310
16	Maintenance - Other	107,270		107,270		107,270
17	Miscellaneous	125,311		125,311		125,311
18	Bad Debts	7,757		7,757	835	8,592
19	Depreciation & Amortization	343,310		343,310		343,310
20	Taxes Other than Income	131,753		131,753		131,753
21	Total Operating Expense					
22	Before Income Taxes	\$1,619,903	\$0	\$1,619,903	\$835	\$1,620,738
23	State Income Tax	18,630		18,630	5,053	23,683
24	Federal Income Tax	168,976		168,976	42,465	211,441
25	Deferred Taxes & ITCs	(15,936)		(15,936)		(15,936)
26	Total Operating Expenses	\$1,791,573	\$0	\$1,791,573	\$48,353	\$1,839,926
27	Net Operating Income	\$656,029	\$0	\$656,029	\$78,863	\$734,892
28	Rate Base					\$8,283,265
29	Overall Rate of Return, per Order					8.87%

Illinois-American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2001  
Champaign District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal Present Rates	Adjustments	Company Surrebuttal Revenue Requirement
1	Operating Revenue:					
2	Water Sales	\$15,558,796		\$15,558,796	\$1,465,183	\$17,023,979
3	Other Operating Revenues	178,629		178,629		178,629
4	Total Operating Revenues	\$15,737,425	\$0	\$15,737,425	\$1,465,183	\$17,202,608
5	Operating Expenses:					
6	Labor	3,001,818		3,001,818		3,001,818
7	Employee Benefits	845,131		845,131		845,131
8	Fuel and Power	1,090,325		1,090,325		1,090,325
9	Chemicals & Waste Disposal	738,482		738,482		738,482
10	Management Fees	191,955		191,955		191,955
11	Regulatory Expense	20,791		20,791		20,791
12	Insurance - Other than Group	265,123		265,123		265,123
13	Customer Accounting	209,562		209,562		209,562
14	Rents	255,441		255,441		255,441
15	General Office Expense	369,804		369,804		369,804
16	Maintenance - Other	490,804		490,804		490,804
17	Miscellaneous	1,074,752		1,074,752		1,074,752
18	Bad Debts	59,930		59,930	9,622	69,552
19	Depreciation & Amortization	2,425,163		2,425,163		2,425,163
20	Taxes Other than Income	805,737		805,737		805,737
21	Total Operating Expense					
22	Before Income Taxes	\$11,844,818	\$0	\$11,844,818	\$9,622	\$11,854,440
23	State Income Tax	66,756		66,756	58,196	124,952
24	Federal Income Tax	693,938		693,938	489,079	1,183,017
25	Deferred Taxes & ITCs	(95,305)		(95,305)		(95,305)
26	Total Operating Expenses	\$12,510,207	\$0	\$12,510,207	\$556,897	\$13,067,104
27	Net Operating Income	\$3,227,218	\$0	\$3,227,218	\$908,287	\$4,135,505
28	Rate Base					\$46,612,929
29	Overall Rate of Return, per Order					8.87%

Illinois-American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2001  
Sterling District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal Present Rates	Adjustments	Company Surrebuttal Revenue Requirement
1	Operating Revenue:					
2	Water Sales	\$2,359,140		\$2,359,140	\$215,990	\$2,575,130
3	Other Operating Revenues	11,260		11,260		11,260
4	Total Operating Revenues	\$2,370,400	\$0	\$2,370,400	\$215,990	\$2,586,390
5	Operating Expenses:					
6	Labor	533,625		533,625		533,625
7	Employee Benefits	127,044		127,044		127,044
8	Fuel and Power	141,160		141,160		141,160
9	Chemicals & Waste Disposal	12,226		12,226		12,226
10	Management Fees	28,032		28,032		28,032
11	Regulatory Expense	3,036		3,036		3,036
12	Insurance - Other than Group	38,717		38,717		38,717
13	Customer Accounting	63,182		63,182		63,182
14	Rents	44,149		44,149		44,149
15	General Office Expense	70,745		70,745		70,745
16	Maintenance - Other	105,774		105,774		105,774
17	Miscellaneous	214,066		214,066		214,066
18	Bad Debts	4,942		4,942	1,418	6,360
19	Depreciation & Amortization	319,556		319,556		319,556
20	Taxes Other than Income	154,534		154,534		154,534
21	Total Operating Expense					
22	Before Income Taxes	\$1,860,788	\$0	\$1,860,788	\$1,418	\$1,862,206
23	State Income Tax	8,663		8,663	8,579	17,242
24	Federal Income Tax	92,225		92,225	72,096	164,321
25	Deferred Taxes & ITCs	(7,323)		(7,323)		(7,323)
26	Total Operating Expenses	\$1,954,353	\$0	\$1,954,353	\$82,093	\$2,036,446
27	Net Operating Income	\$416,047	\$0	\$416,047	\$133,895	\$549,942
28	Rate Base					\$6,198,619
29	Overall Rate of Return, per Order					8.87%

Illinois-American Water Company  
Rate Base  
For the Test Year Ended December 31, 2001  
Southern Division/Peoria District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal
1	Plant in Service	\$356,529,248		\$356,529,248
2	Depreciation Reserve	(96,256,684)	(475,435)	(96,732,119)
3				
4	Net Plant	260,272,564	(475,435)	259,797,129
5				
6	<u>Additions to Rate Base:</u>			
7	FAS 109 Regulatory Asset	4,746,580		4,746,580
8	Cash Working Capital	3,866,051		3,866,051
9	Materials and Supplies	1,200,291		1,200,291
10	Deferred Maintenance	763,221		763,221
11				
12	<u>Deductions from Rate Base:</u>			
13	Contributions in Aid of Construction	(23,611,785)		(23,611,785)
14	Accumulated Depreciation on Contributed Property	5,022,702		5,022,702
15	Customer Advances for construction	(6,096,986)		(6,096,986)
16	Deferred Federal Income Tax	(15,630,839)	319,496	(15,311,343)
17	Deferred State Income Tax	(3,599,118)	38,018	(3,561,100)
18	Investment Tax Credit - Pre 1971	(71,945)		(71,945)
19				
20	Rate Base	\$226,860,736	(\$117,921)	\$226,742,815

Illinois-American Water Company  
Rate Base  
For the Test Year Ended December 31, 2001  
Streator District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal
1	Plant in Service	\$13,775,753		\$13,775,753
2	Depreciation Reserve	(3,379,299)		(3,379,299)
3				
4	Net Plant	10,396,454	0	10,396,454
5				
6	<u>Additions to Rate Base:</u>			
7	FAS 109 Regulatory Asset	(289,698)		(289,698)
8	Cash Working Capital	186,113		186,113
9	Materials and Supplies	98,388		98,388
10	Deferred Maintenance	4,085		4,085
11				
12	<u>Deductions from Rate Base:</u>			
13	Contributions in Aid of Construction	(1,944,472)		(1,944,472)
14	Accumulated Depreciation on Contributed Property	225,194		225,194
15	Customer Advances for construction	(231,022)		(231,022)
16	Deferred Federal Income Tax	(65,962)		(65,962)
17	Deferred State Income Tax	(33,651)		(33,651)
18	Investment Tax Credit - Pre 1971	(4,112)		(4,112)
19				
20	Rate Base	\$8,341,317	\$0	\$8,341,317

Illinois-American Water Company  
Rate Base  
For the Test Year Ended December 31, 2001  
Pontiac District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal
1	Plant in Service	\$11,765,638		\$11,765,638
2	Depreciation Reserve	(3,137,206)		(3,137,206)
3				
4	Net Plant	8,628,432	0	8,628,432
5				
6	<u>Additions to Rate Base:</u>			
7	FAS 109 Regulatory Asset	(157,594)		(157,594)
8	Cash Working Capital	141,893		141,893
9	Materials and Supplies	53,527		53,527
10	Deferred Maintenance	424,445		424,445
11				
12	<u>Deductions from Rate Base:</u>			
13	Contributions in Aid of Construction	(780,366)		(780,366)
14	Accumulated Depreciation on Contributed Property	248,619		248,619
15	Customer Advances for construction	(205,265)		(205,265)
16	Deferred Federal Income Tax	(48,295)		(48,295)
17	Deferred State Income Tax	(19,889)		(19,889)
18	Investment Tax Credit - Pre 1971	(2,242)		(2,242)
19				
20	Rate Base	\$8,283,265	\$0	\$8,283,265



Illinois-American Water Company  
Rate Base  
For the Test Year Ended December 31, 2001  
Champaign District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal
1	Plant in Service	\$84,427,320		\$84,427,320
2	Depreciation Reserve	(23,108,522)		(23,108,522)
3				
4	Net Plant	61,318,798	0	61,318,798
5				
6	<u>Additions to Rate Base:</u>			
7	FAS 109 Regulatory Asset	(1,690,198)		(1,690,198)
8	Cash Working Capital	3,105,643		3,105,643
9	Materials and Supplies	(75,042)		(75,042)
10	Deffered Maintenance			0
11				
12	<u>Deductions from Rate Base:</u>			
13	Contributions in Aid of Construction	(11,507,113)		(11,507,113)
14	Accumulated Depreciation on Contributed Property	2,397,590		2,397,590
15	Customer Advances for construction	(6,163,892)		(6,163,892)
16	Deferred Federal Income Tax	(537,038)		(537,038)
17	Deferred State Income Tax	(211,799)		(211,799)
18	Investment Tax Credit - Pre 1971	(24,020)		(24,020)
19				
20	Rate Base	\$46,612,929	\$0	\$46,612,929

Illinois-American Water Company  
Rate Base  
For the Test Year Ended December 31, 2001  
Sterling District

Line No.	Description	Staff Revised Rebuttal	Adjustments	Company Surrebuttal
1	Plant in Service	\$10,367,857		\$10,367,857
2	Depreciation Reserve	(2,704,863)		(2,704,863)
3				
4	Net Plant	7,662,994	0	7,662,994
5				
6	<u>Additions to Rate Base:</u>			
7	FAS 109 Regulatory Asset	(246,769)		(246,769)
8	Cash Working Capital	172,340		172,340
9	Materials and Supplies	83,813		83,813
10	Deffered Maintenance	156,672		156,672
11				
12	<u>Deductions from Rate Base:</u>			
13	Contributions in Aid of Construction	(1,050,559)		(1,050,559)
14	Accumulated Depreciation on Contributed Property	204,048		204,048
15	Customer Advances for construction	(667,363)		(667,363)
16	Deferred Federal Income Tax	(81,258)		(81,258)
17	Deferred State Income Tax	(31,791)		(31,791)
18	Investment Tax Credit - Pre 1971	(3,508)		(3,508)
19				
20	Rate Base	\$6,198,619	\$0	\$6,198,619

Illinois-American Water Company  
Cost of Capital Summary  
For the Test Year Ended December 31, 2001

Line No.	Class of Capital	Staff Rebuttal Amount	Proposed Change in Earnings	Company Surrebuttal Amount	Percent of Total Capital	Cost	Weighted Cost
1	Long-term Debt	\$170,681,887		\$170,681,887	55.19%	6.96%	3.84%
2	Preferred Stock	627,454		627,454	0.20%	6.25%	0.01%
3	Common Equity	<u>137,573,848</u>	<u>354,262</u>	<u>137,928,110</u>	<u>44.60%</u>	<u>11.25%</u>	<u>5.02%</u>
4	Total Capital	\$308,883,189	\$354,262	\$309,237,451	100.00%		
Weighted Average Cost of Capital							8.87%